

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 598
Version:	ENGR
Request Number:	NA
Author:	Rep. Pfeiffer
Date:	3/24/2021
Impact:	Tax Commission:

Estimated Increase in Collections:
FY-22: \$1,700,000
FY-23: \$6,800,000

Minimal Administrative Cost

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Analysis provided by the Tax Commission:

Engrossed SB 598 proposes to amend 68 O.S. §254 to allow the Oklahoma Tax Commission (OTC) to garnish the accrued earnings¹ of a delinquent taxpayer by sending notice to a taxpayer's employer. The OTC may direct the employer to withhold part of the amount due, not to exceed 25% of earnings per pay period, until the total amount as shown by the notice, plus interest and penalty, has been withheld and remitted to the OTC. The employer's response and calculation of amounts withheld shall be on a form prescribed by the OTC.

Within 7 days after the end of each pay period, or if the delinquent taxpayer does not have regular pay periods, within 30 days from the date of the notice, the employer must withhold amounts due or provide an explanation to the OTC why amounts due will not be withheld and remitted to the OTC. In any case in which the employee ceases to be employed by the employer before the full amount set forth in the notice of delinquency, plus delinquent penalty and interest, has been withheld by the employer, the employer must immediately notify the OTC in writing the date the employee resigned or was terminated. Any employer who knowingly and willfully refuses to respond by any means to the notice may be liable for the total amount set forth in the notice. An employer may not terminate a delinquent taxpayer employee based upon the notice of administrative wage garnishment.

An administrative wage garnishment may be issued after 90 days in which the tax has become delinquent, notice has been sent to the taxpayer of the delinquency and possible remedies to resolve the delinquency have been provided to the taxpayer and a tax warrant has been issued and filed pursuant to 68 O.S. §231. A taxpayer has 10 days after the issuance of the notice to the employer to provide any additional information to the OTC for the garnishment of wages to be withdrawn or released by the OTC. The OTC will withdraw or adjust the garnishment for wages upon sufficient proof that the delinquent tax, interest and penalty referred to in the notice has been paid, or that the taxpayer can show the wages subject to garnishment are exempt pursuant to state or federal law.

The OTC may prescribe or approve forms and promulgate rules and regulations for implementation of this proposal.

The initial revenue effect of this proposal is an estimated increase of approximately \$1.7 million in tax collections for FY 22.² The full impact of this proposal is expected to occur for FY 23 with an estimated increase in tax collections of approximately \$6.8 million.

¹ “Earnings” means any form of payment to an individual including, but not limited to salary, wages, commission or other compensation, but does not include reimbursements for travel expenses for state employees.

² Administrative wage garnishments are expected to be implemented during the fourth quarter of FY 22, resulting in a partial impact on tax collections.

Prepared By: Mark Tygret

Other Considerations

None.